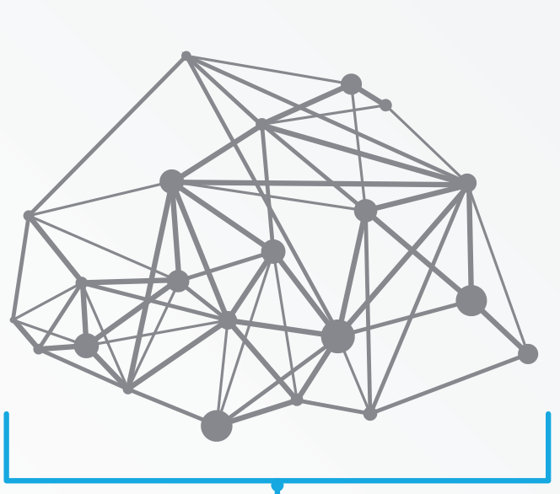
Introducing BitShares

BitShares is



a **decentralized** network

It is operated by those who participate

No single government or company controls it

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BitShares has **digital tokens**

These have the properties of cryptocurrencies (like Bitcoin) but maintain a stable value and can be used as a medium of exchange (money)

BitShares (BTS)

however, unlike Bitcoin

BTS can be converted into **BitAssets**

bitUSD bitEUR bitCNY bitGOLD bitSILVER

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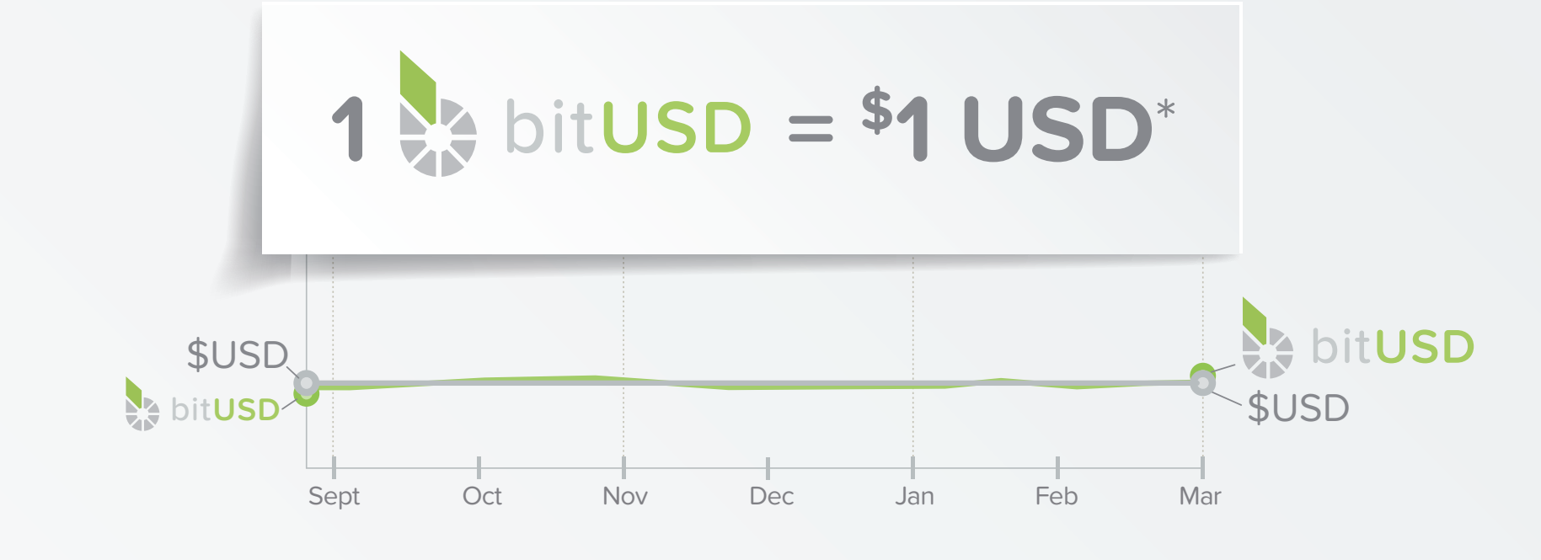
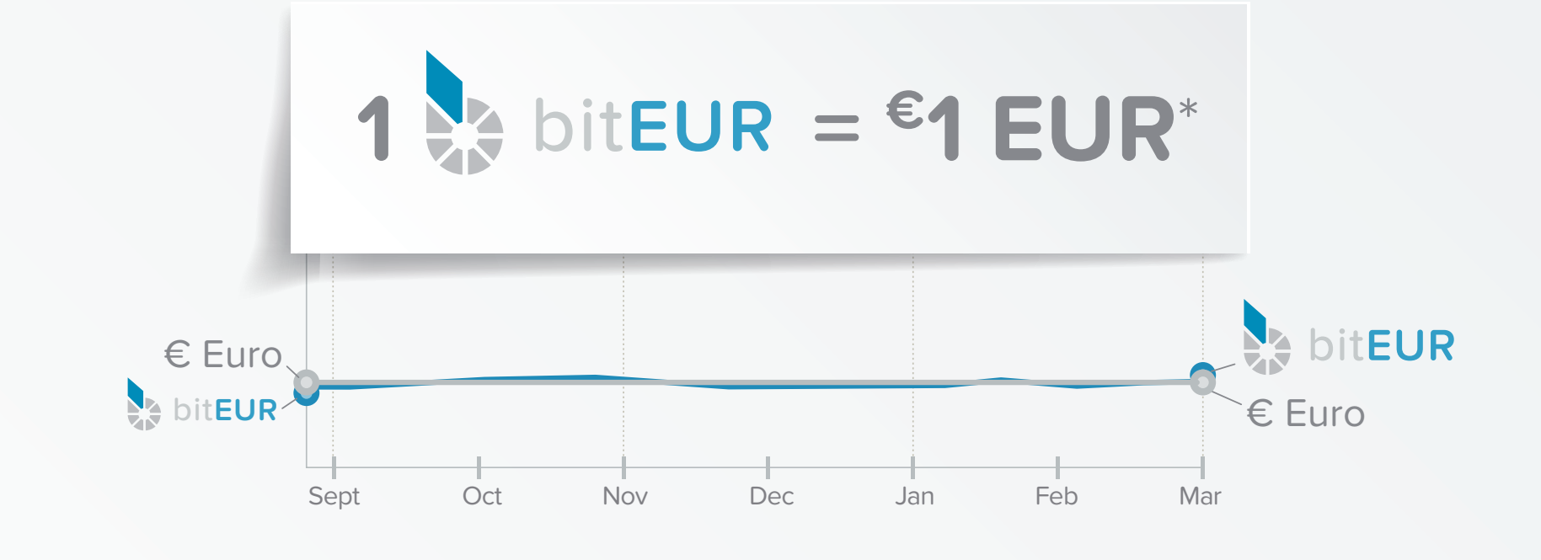
BitAssets are **market-pegged** to currencies and other assets

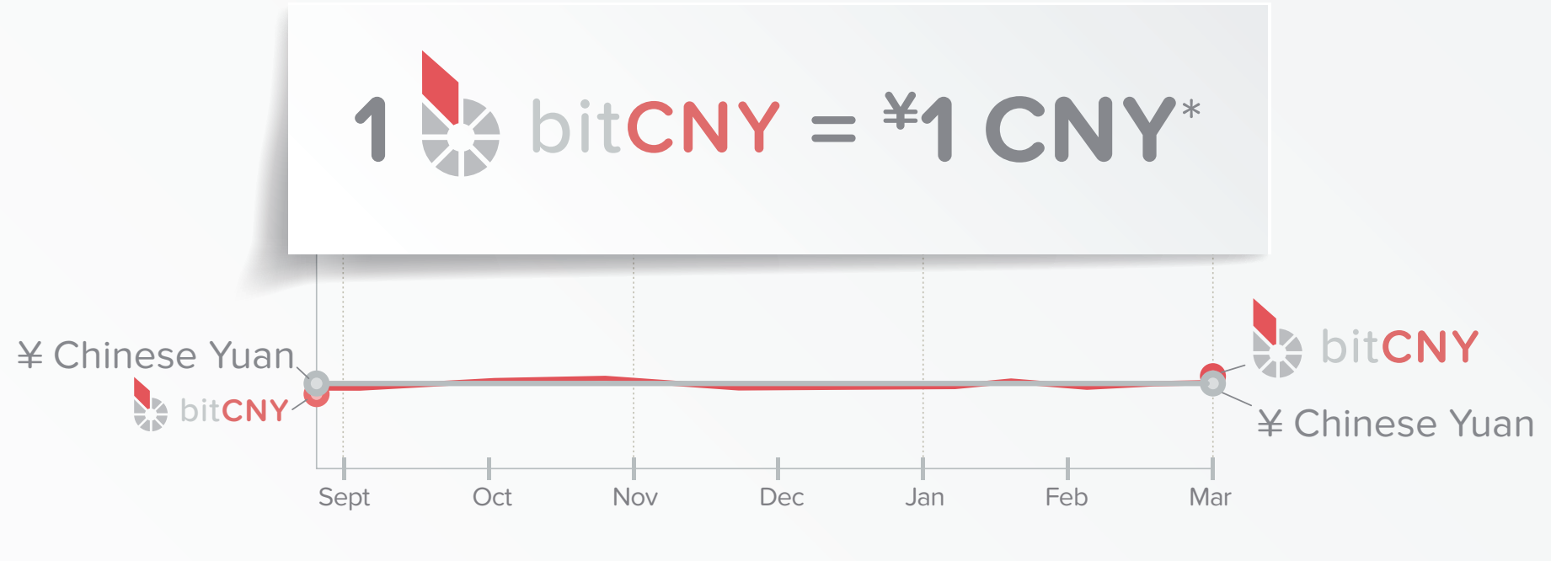
1 bitUSD = $1 USD*



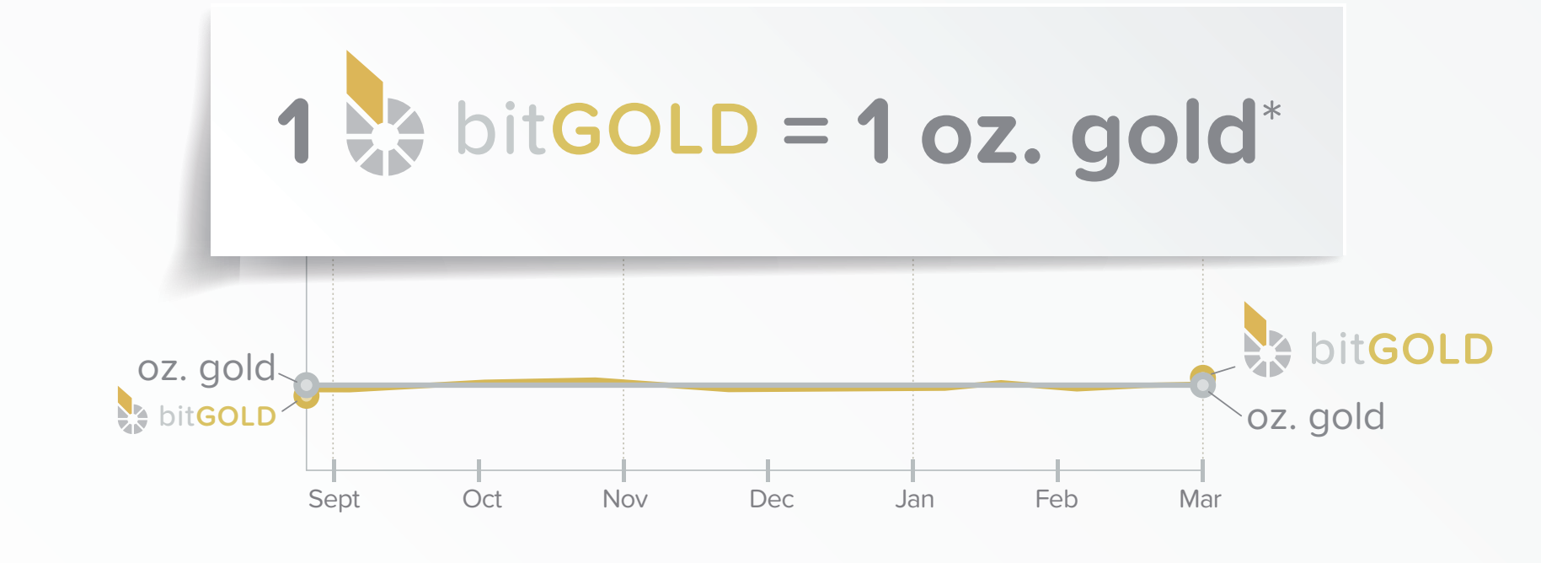
1 bitEUR = €1 EUR*



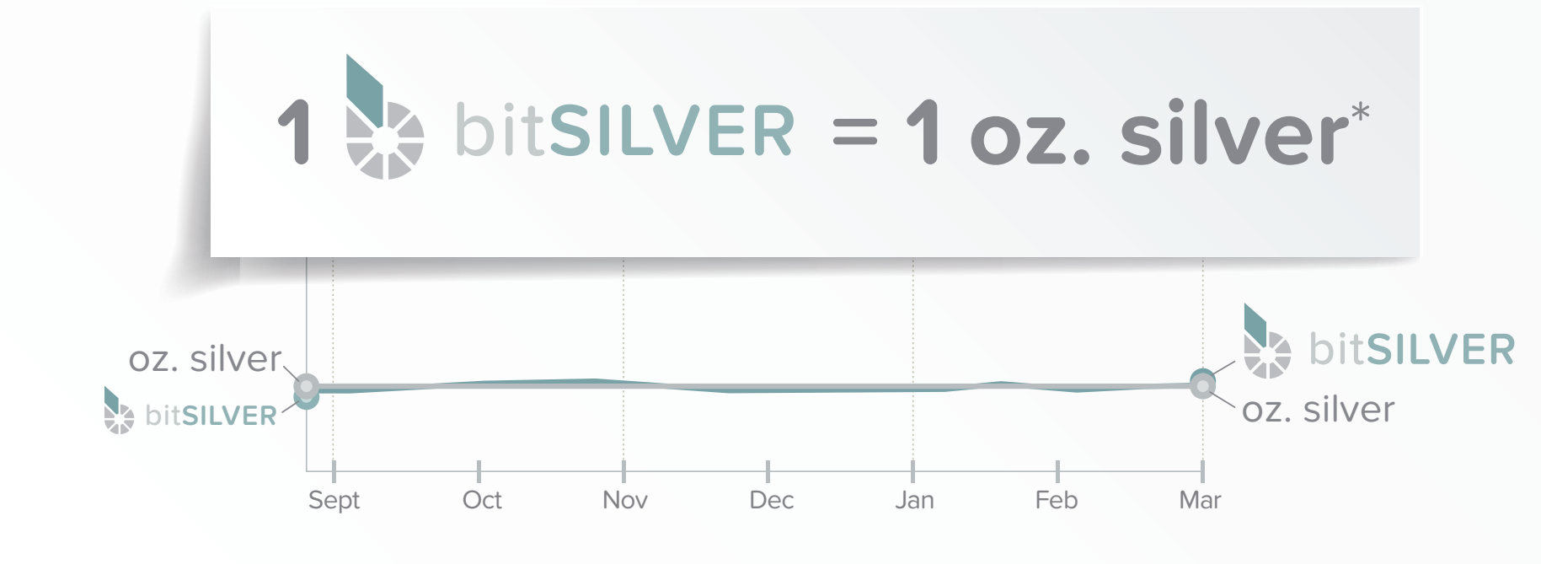
1 bitCNY = ¥1 CNY*



1 bitGOLD = 1 oz. gold*



1 bitSILVER = 1 oz. silver*



*Bitassets fluctuate slightly around the underlying assets' value but are guaranteed to be exchangeable at a 1:1 ratio within 30 days (normally within a few days)

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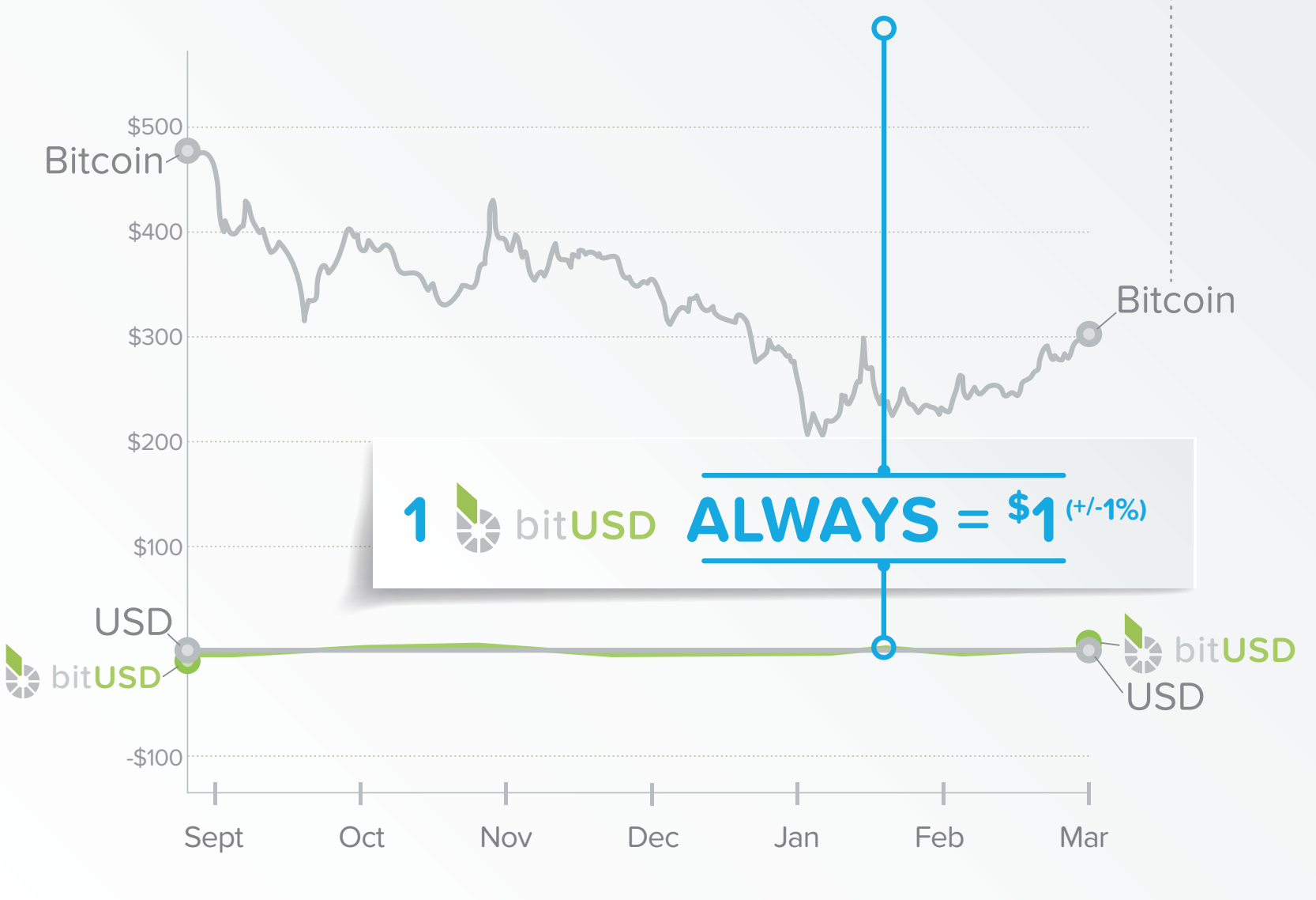
Unlike other cryptocurrencies, BitAssets are **less volatile**



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BitAssets can be sent around the world for **minuscule fees**

New York
Shanghai

For example:

Cost to send $100 USD

WESTERN UNION money transfer services	average bank wire fee (USA)	BitShare transaction fees on bitUSD
$12 fee	$45.50 fee	less than $0.05 fee
up to 3 days	2-3 business days	instant

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No bank account needed

Simply,

Download the **wallet app** and connect to the internet

LEARN MORE **About Getting Started>**

How **BitShares** Works

Jack sends BitUSD to Jill

How it works:

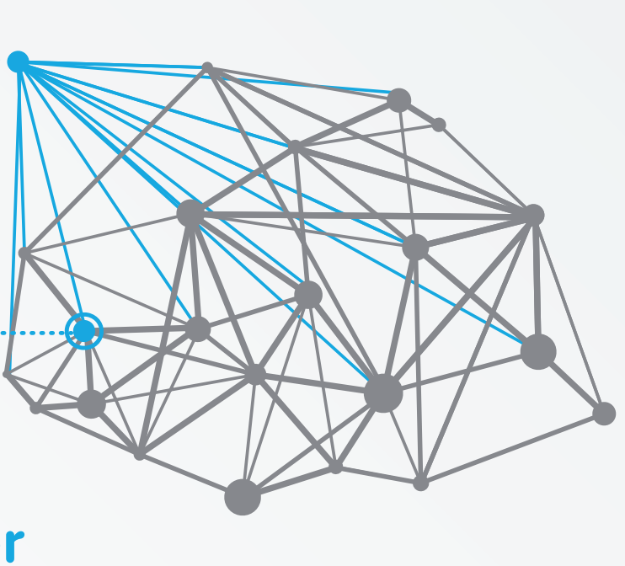
Jack → Jill
-$1000 +$1000

Via the wallet app,

Jack requests his account to be -$1000 BitUSD and Jill's to be +$1000 BitUSD

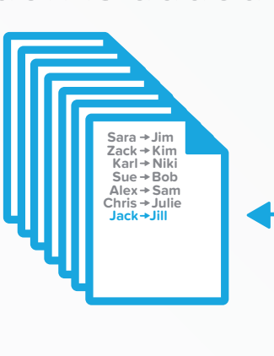
The transaction is **cyptographically signed** by Jack

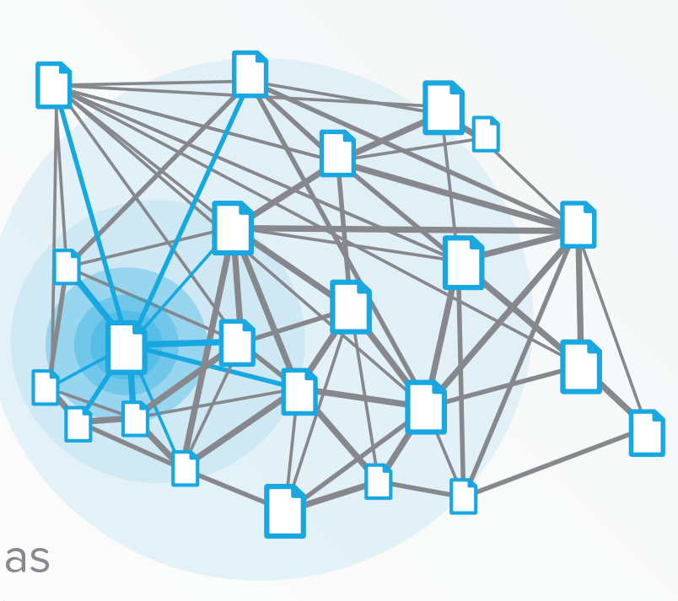
The transaction is **broadcast** to the BitShares network,



where it is **confirmed** by a randomly-assigned **delegate**

The transaction is added to a **ledger** (called the blockchain)





The ledger is **updated across the entire BitShares network**

Everyone in the network has **the same copy** of the ledger that includes Jack's transaction

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The blockchain is a ledger of transactions

It is a **permanent**, **shared**, digital history that **cannot be altered** or deleted

It's a revolutionary technology pioneered by Satoshi Nakamoto

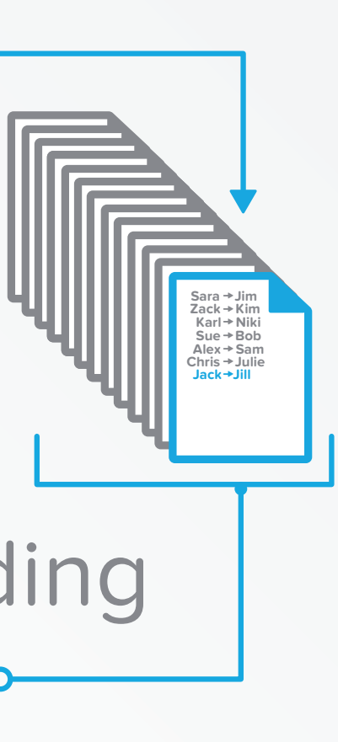
How it works:

Every 10 seconds, transactions are sent to a **randomly-selected delegate**

The delegate **confirms** the transactions & packages them into a **secure 'block'**

there are 101 delegates in the BitShares network

This block is **validated** by the other 100 delegates and **digitally 'chained'** to **ALL** previous BitShares transactions



This continuously expanding ledger is **the blockchain**

It is **secure** because it is signed (confirmed) by an authority (delegates)

It is **consistent** because there is only one valid blockchain that is shared

It is **representative** because the delegates are elected by BitShares shareholders

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LEARN MORE **About Delegated Proof of Stake DPOS>**

Delegates do the 'work'

Building and maintaining BitShares as a company*

How it works:

*BitShares is not really a company in the standard sense...but can function in a similar way

101 participants of BitShares are voted in as **delegates**

All those who own BitShares can vote for delegates

Those with the most votes receive a delegate position

Responsibilities include:

- Package transactions into blocks and validate them (done automatically through a cryptographic algorithm)
- Maintain a consistent blockchain and verify every other delegates blocks for consistency
- Publish price feeds (this facilitates bitAsset trading)
- Provide a random number in each block
- Improve the ecosystem (through code development, marketing, design and other roles)

Delegates are **paid by the blockchain**

- For most delegates, the payrate is to **cover costs** of running a block-producing server (3% of the 50BTS currently paid out per validated block)
- Delegates can campaign for a **higher payrate** (typically this is used to develop the BitShares ecosystem: developers, marketers and designers)

The blockchain
is my BOSS

'Employment' is a **democratic process**

The Board of Directors, CEOs, CTOs, marketing team, etc. are all elected by the BitShares Community. All are #paidbyprotocol

Delegates are held **accountable**

to BitShares shareholders and other delegates through:

- Published statistics
  See bitsharesblocks.com/delegates
- News of their marketing and other efforts
  Online forums and the monthly newsletter

If a delegate misbehaves or **fails to deliver** s/he is quickly voted out by shareholders (this creates positive competition among delegates)

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LEARN MORE **About Delegated Proof of Stake DPOS>**

The BitShares network uses a **Delegated Proof of Stake (DPOS)** system to ensure security

How it works:

DPOS is a mechanism to **achieve 'consensus'** about the content of a database (in this case account balances, account names, etc.)

- BitShares and other cryptocurrencies (like bitcoin) use **similar blockchain technology** (which addresses how consensus is distributed: so everyone has the same data)
- There are differences in **how consensus is achieved**

bitshares™ vs bitcoin

CONSENSUS METHOD	Delegated Proof of Stake (DPOS)	Proof of Work (POW)
TRANSACTION VALIDATORS (Validators are incentivized to maintain the network by being paid block rewards)	**Delegates** Voted in They essentially **work for the blockchain**	**Miners** Miners 'pool' together to increase the **chance** to be rewarded
BLOCK REWARDS (How those running the system are 'paid')	Reward is **shared** by delegates Delegates (people) are paid for **maintaining & improving** the system Reward is **looped back** into BitShares to **enrich the environment**	Reward corresponds to the **percentage of total hash** (mining) **power** one has Miners use **powerful computer equipment** to 'mine' Miners use a portion of reward to **pay for equipment and resource use** (electrical utilities) to run the computation
CONSENSUS EQUATIONS	**Pre-determined order** **Efficient; based on trust of delegates** Works by relying on trust of the delegates that are voted in Delegates verify eachother System holds block producers accountable	**Luck** **Inefficient; no trust required** Works by solving cryptographical math puzzles the hard way Because of the complexity of the algorithm, energy is wasted during to validation/mining
DECENTRALIZATION	**101** delegates Located **all over the world**	**Less than 10** mining pools Located where electricity is cheap

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